



COMMONWEALTH of VIRGINIA  
DEPARTMENT OF SOCIAL SERVICES  
*Office of the Commissioner*

S. Duke Storen  
Commissioner

October 18, 2021

**MEMORANDUM**

**TO:** Honorable Ralph Northam  
Governor of Virginia

Honorable Janet D. Howell  
Chairman, Senate Finance

Honorable Luke E. Torian  
Chairman, House Appropriations

Daniel S. Timberlake, Director  
Department of Planning & Budget

**FROM:** S. Duke Storen *S. Duke Storen*

**SUBJECT:** Annual Report on Foster Care Spending, Error Rates & Compliance with State & Federal Reviews

I am pleased to submit the annual report on foster care spending, error rates & compliance with state & federal reviews, prepared pursuant to Item 349 (E) (2) of the 2020 Appropriation Act. If you have questions or need additional information concerning this report, please contact me.

SDS:kc

## **Report on Foster Care Spending, Error Rates and Compliance with State and Federal Reviews**

### **Report Mandate**

The 2020 Appropriations Act, Item 349 (E) (2), provides ten positions and associated funding for ongoing financial oversight of foster care services. Item 349 (E) (2) directs the Virginia Department of Social Services (VDSS) to, by September 1 of each year, report on the foster care program's statewide spending, error rates, and compliance with state and federal reviews.

*E. 1. Out of this appropriation, ten positions and the associated funding shall be dedicated to providing on-going financial oversight of foster care services. Each of the ten positions, with two working out of each regional office, shall assess and review all foster care spending to ensure that state and federal standards are met. None of these positions shall be used for quality, information technology, or clerical functions.*

*2. By September 1 of each year, the department shall report to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Director, Department of Planning and Budget regarding the foster care program's statewide spending, error rates and compliance with state federal reviews.*

### **Background**

The federal foster care program helps to provide safe and stable out-of-home care for children until the children are safely returned home or placed permanently with relatives or adoptive families. This report documents the review of federally funded cases. The title IV-E program is authorized by title IV-E of the Social Security Act (42 USC § 601 et seq.) as amended, and implemented under the Code of Federal Regulations (CFR) at 45 CFR parts 1355, 1356, and 1357. It is an annually-appropriated program with specific eligibility requirements and fixed allowable uses of funds. Funding is awarded by formula as an open-ended entitlement grant and is contingent upon an approved title IV-E plan to administer or supervise the administration of the program. VDSS must submit to the Administration for Children and Families' (ACF) Children's Bureau yearly estimates of program expenditures as well as quarterly reports of estimated and actual program expenditures in support of the awarded funds. Funds are available for monthly maintenance payments for the daily care and supervision of eligible children.

Periodic and systematic reviews of Virginia's title IV-E foster care programs are conducted by ACF Children's Bureau to ensure federal funds are expended for intended purposes and to recover improper expenditures. Full implementation of the final regulatory rule for the monitoring review advanced the federal government's efforts in partnering with states to improve overall management of the foster care eligibility program and to secure safe foster care placements for children. States responded to the monitoring reviews by initiating program assessments and improvements to meet compliance standards in anticipation of the reviews or by developing and implementing program improvements as a result of the reviews. Since federal fiscal year (FFY) 2000, title IV-E Foster Care Eligibility Reviews have been conducted in all 50 states, plus Washington DC and Puerto Rico.

### **2019 Title IV-E Primary Review**

The Children's Bureau of the Administration for Children and Families (ACF) conducted a primary review of Virginia's title IV-E foster care program which took place during the week of September 23, 2019. As a result of the review, the Virginia title IV-E foster care program was found to be in substantial compliance with federal eligibility requirements for the period under review (PUR) October 1, 2018 through March 31, 2019.

Virginia's title IV-E foster care program continues to be successful as the passing of this federal review means Virginia has been found to be in substantial compliance in two consecutive title IV-E federal reviews. All 80 cases in the review were found to have timely and well-documented judicial determinations as well as meeting all requirements for Aid for Families with Dependent Children (AFDC). There were two error cases and five non-error cases with ineligible payments identified which were a result of payments being made for a period during the PUR for a foster home that was not fully licensed. The total financial repayment for disallowed errors totaled \$10,058; which, according to the Children's Bureau, is one of the lowest financial repayments they have encountered as a result of a review. During the exit interview, the Children's Bureau praised the quality assurance and IV-E review process that VDSS has in place and attributed much of the success of the primary review to the knowledge of the title IV-E consultants, which are the ten positions that are specified in 2020 Appropriations Act, Item 349 (E) (2).

### **Error Rates and Compliance with State and Federal Review**

There are eleven full-time and three part-time title IV-E consultants employed by VDSS who conduct reviews of local department of social services (LDSS) in each of the five VDSS regions. The availability of these consultants has allowed VDSS, for the past five years, to review cases where the child had been determined IV-E eligible.

The title IV-E consultants administer two types of reviews for LDSS: ongoing reviews and new case validations. Ongoing reviews are designed to provide continuous quality control and support to the LDSS by reviewing a percentage of open title IV-E cases at least once each fiscal year. New case validations are designed to review and ensure appropriate eligibility determinations are made within approximately 90-120 days of children entering foster care. This validation process ensures timely, appropriate, and maximum utilization of federal dollars.

### **Quarterly QA Review – July 2020 through June 2021**

Virginia's title IV-E maintenance expenditures for state fiscal year (SFY) 2021 totaled \$57,243,324.41. Expenditures will continue to be in line with services and federal requirements for improved compliance and additional financial accountability. VDSS will continue to review and supervise foster care expenditures.

Effective January 1, 2020, the review process for title IV-E on-site reviews was updated to combine the new case validations and ongoing reviews into a single review process called a Quarterly QA Review. The new case validations and ongoing reviews continue to be completed during the review; however, the number of open title IV-E cases reviewed during the ongoing review was changed from 100% of open cases to a tiered percentage based on the percentage of previous fiscal year errors for each LDSS. The Quarterly QA Review results combine the new

case validations and the ongoing cases into one title IV-E error rate, instead of an error rate for both types.

The COVID-19 pandemic greatly impacted the ability of the title IV-E consultants to complete reviews and due to health concerns, no on-site reviews have been conducted since March 2020. VDSS and the title IV-E consultants were required to transition to a remote review process. In the absence of a Comprehensive Child Welfare Information System (CCWIS) and a 100% manual IV-E review process, VDSS was required to make technology enhancements within Compass Mobile in order for title IV-E consultants to have access to the LDSS paper case records. With these modifications, VDSS has been able to continue reviewing all new case validations and ongoing cases scheduled during this most recent fiscal year.

The results for the Quarterly QA Reviews for SFY 2021 by VDSS region are as follows:

<b>Region</b>	<b>Number of cases reviewed</b>	<b>Number of total errors</b>	<b>Overall error rate</b>
Central	429	51	11.89%
Eastern	522	49	9.39%
Northern	756	40	5.29%
Piedmont	843	83	9.85%
Western	540	21	3.89%
Total	3090	244	7.90%

Staff reviewed 3090 cases for 116 agencies between July 1, 2020 and June 30, 2021.<sup>1</sup>

### **Year End Results**

LDSS with one or more error cases were considered to be in non-compliance with state and federal guidance and regulations. Fifty-five of 116 LDSS reviewed between July 1, 2020 and June 30, 2021 had either zero or one error. The table below shows the breakdown for the number of errors for Quarterly QA reviews throughout SFY 2021:

<b>Number of LDSS reviewed</b>	<b>Number of cases reviewed</b>	<b>Number of errors identified</b>
35	562	0 errors
20	620	1 error
14	378	2 errors
11	349	3 errors
8	231	4 errors
3	86	5 errors
25	864	6 or more errors

<sup>1</sup> Note: Not all LDSS have title IV-E children and many reviews were cancelled due to COVID-19. Also, due to COVID-19, reviews were switched from an on-site review to a remote review. The reviews were conducted in 116 out of 120 LDSS.

In conclusion, the ten positions authorized by this act have allowed VDSS to continuously review LDSS IV-E cases over the past five years, ensuring that eligibility errors are caught and corrected early. With a 7.90% rate of errors, and the absence of an electronic CCWIS and IV-E system, it is evident that these ten positions are critical to ensure ongoing compliance with title IV-E reviews. These staff members provide ongoing and immediate technical assistance and support to LDSS in maintaining initial and ongoing federal funding requirements. These positions are vital to Virginia preparing for and being successful in upcoming title IV-E federal reviews.